

Message Text

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USEEC

E.O.11652: NA
TAGS: OVIP (KREPS, JUANITA M), WB
SUBJECT: SECRETARY KREPS' VISIT UNDERSCORES UNITED STATES
INTEREST IN BERLIN AND AMERICAN BUSINESS COMMUNITY OVERSEAS

REF: (A) USBERLIN 0867, (B) USBERLIN 0883, (C) BRUSSELS 07533

SUMMARY: PACKED BERLIN SCHEDULE OF SECRETARY OF COMMERCE
KREPS INCLUDED SUBSTANTIVE DISCUSSIONS WITH GOVERNING MAYOR,
MEETING WITH EEC PRESIDENT JENKINS AND FRG MINISTER OF
ECONOMICS LAMBSDORFF, AND FULL PARTICIPATION IN 75TH ANNI-
VERSARY CELEBRATION OF AMERICAN CHAMBER OF COMMERCE IN
GERMANY, INCLUDING PRESENTATION OF SCULPTURE TO CITY OF
BERLIN. MEDIA TREATMENT WAS WARM IN TONE, AND APPRECIATIVE
OF SECRETARY KREPS' MESSAGE THAT UNITED STATES WAS CONCERNED
WITH BERLIN ECONOMIC VIABILITY AND WOULD STAND BY ITS
COMMITMENTS TO THE CITY. FROM PERSPECTIVE OF UNITES STATES
INTEREST IN BERLIN, VISIT WAS WELL-TIMED AND ACHIEVED ITS
PURPOSE. END SUMMARY.

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1. SECRETARY KREPS' ARRIVAL AND GREETING WERE FULLY AND
WARMLY COVERED BY BERLIN MEDIA AND SET TONE FOR VISIT.
CONTENT OF SUBSTANTIVE TALKS WITH JENKINS COVERED IN
USBERLIN 0867 AND BRUSSELS 07533, AND WITH LAMBSDORFF IN USBERLIN
0883. THE APRIL 13 MEETING WITH GOVERNING MAYOR
STOBBE AND MAYOR LUDER GAVE BERLIN'S POLITICAL LEADER-
SHIP AN OPPORTUNITY TO STRESS THE POLITICAL COMPONENT OF

BERLIN'S ECONOMIC SITUATION AND THEIR HOPES FOR IMPROVEMENT. STOBBE EXPRESSED APPRECIATION FOR AMERICAN INVESTMENT NOW IN BERLIN AND EMPHASIZED THAT "TIES WITH THE OUTSIDE" WERE OF FAR MORE THAN ECONOMIC SIGNIFICANCE BECAUSE OF TOTAL POLITICAL SITUATION. STOBBE SAID HE WOULD BE GRATEFUL FOR ANYTHING SECRETARY KREPS AND HER DEPARTMENT COULD DO TO ENCOURAGE INVESTMENT IN THE CITY.

2. SECRETARY KREPS' REPLY EMPHASIZED THAT INVESTMENT DECISIONS WERE THE PREROGATIVE OF THE INDIVIDUAL FIRMS, BUT IN THOSE AREAS IN WHICH THE DEPARTMENT OF COMMERCE COULD PLAY A HELPFUL ROLE IN GETTING THE BERLIN STORY TO THE RIGHT AUDIENCE, IT WOULD DO SO. STOBBE ELABORATED ON BERLIN'S PLANS TO SET UP A HIGH-POWER INVESTMENT PROMOTION GROUP TO GAIN GREATER PROFESSIONALISM IN THE CITY'S EFFORTS TO ATTRACT NEW INVESTMENT. THEY WERE NOW SEEKING THE RIGHT PERSON FOR THE JOB. ALTHOUGH THE SALARY OFFERED WOULD BE THE HIGHEST OFFERED FOR A PUBLIC OFFICIAL IN BERLIN, IT WAS PROVING DIFFICULT TO ATTRACT THE KIND OF PERSON THEY HAD IN MIND.

3. MAYOR LUEDER THEN OUTLINED BERLIN'S HOPES FOR ITS MAMMOTH INTERNATIONAL CONFERENCE CENTER. LUEDER CONCEDED DIFFICULTY IN GETTING ANY SPECIAL AMERICAN TAX TREATMENT FOR BERLIN'S CONFERENCE CENTER, SUCH WAS EXTENDED TO MEXICO AND NEIGHBORING STATES, BUT HE HOPED THE IMPORTANCE LIMITED OFFICIAL USE

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FO THE CENTER TO BERLIN'S ECONOMIC HEALTH WOULD BE RECOGNIZED. SECRETARY KREPS EXPRESSED SYMPATHETIC UNDERSTANDING OF THE NEEDS OF THE BERLIN ECONOMY. SHE ASSURED STOBBE AND LUEDER THAT IN APPROPRIATE WAYS FACILITATIVE ASSISTANCE OF HER DEPARTMENT COULD BE COUNTED ON. MEETING WAS CONDUCTED IN WARM ATMOSPHERE AND SET STAGE FOR FOLLOWING CORDIAL, WELL-PUBLICIZED GOLDEN BOOK CEREMONY. IN THIS CEREMONY, BOTH SECRETARY KREPS AND GOVERNING MAYOR STOBBE STRESSED THE STRONG MUTUAL TIES BETWEEN BERLIN AND THE UNITED STATES AND THEIR CONFIDENCE IN THE FUTURE OF THE CITY.

4. SECRETARY KREPS' MEETING WITH SELECTED LEADING AMERICAN BUSINESS MEN PERMITTED FOR A PRODUCTIVE EXCHANGE OF VIEWS ON A RANGE OF PROBLEMS OF PRESSING INTEREST OF BUSINESSMEN. FOR THEIR PART THE BUSINESSMEN, WHO HAD MET BEFOREHAND TO WORK OUT THEIR PRIORITIES, STRESSED CONCERN THAT CHANGES IN GERMAN TAX LAW HAVE COMPLICATED AND INCREASED TAX LIABILITIES FOR UNITED STATES FIRMS IN GERMANY ALSO SUBJECT TO

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AMERICAN TAX LEVIES (KORPERSHAFTSSTEURER ISSUE). THEY ALSO EXPRESSED STRONG DISAPPROVAL OF SECTION 911 CHANGES WHICH WOULD INCREASE THEIR PERSONAL TAX LOAD. THEY STRESSED CONSEQUENCE WOULD FURTHER DECLINE IN NUMBER OF AMERICAN BUSINESSMEN ABROAD, WHICH WILL NOT HELP UNITED STATES BALANCE OF PAYMENTS PROBLEM. CHAMBER SPOKESMAN ALSO COMPLAINED THAT AMERICAN FIRMS ABROAD SUFFERED A COMPETITIVE DISADVANTAGE BECAUSE THEY WERE SUBJECT TO UNITED STATES ANTI-TRUST LEGISLATION WHILE THEIR FOREIGN COMPETITORS ARE NOT. SECRETARY KREPS WELCOMED THE DIALOGUE, AND OFFERED BUSINESSMEN A DIRECT CHANNEL TO HER OFFICE THROUGH ASSISTANT SECRETARY FRANK WEIL WHEN THE AMERICAN CHAMBER BELIEVED IT HAD PROBLEMS OF SPECIAL IMPORTANCE.

5. MEDIA COVERAGE: BERLIN DAILES COVERED KREPS' VISIT IN DETAIL, EMPHASIZING SECRETARY'S ARRIVAL STATEMENT, VISIT TO BERLIN WALL, AND MEETING WITH MAYOR STOBBE. ONLY NEGATIVE NOTE WAS STRUCK BY WEST BERLIN'S COMMUNIST DAILY "WAHRHEIT" WHICH COMPLAINED IN EDITORIAL APRIL 14 THAT SECRETARY DID NOT BRING WITH HER ANYTHING TO IMPROVE THE

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WEST BERLIN ECONOMY; PAPER CONCLUDED VISIT WAS "ABOUT AS USEFUL AS CONFETTI IN A GRAVEYARD." PRESS CONFERENCE

MORNING OF APRIL 14 WAS MODERATELY WELL ATTENDED, BUT BERLIN JOURNALISTS WERE MORE RELUCTANT THAN USUAL TO ASK QUESTIONS. VIDEO TAPE OF SECRETARY'S ANSWERS WAS BROADCAST BY SFB-TV THAT EVENING, ALONG WITH 10 MINUTES OF INTERVIEW FILMED IMMEDIATELY AFTER CONFERENCE. RIAS (RADIO IN THE AMERICAN SECTOR) INCLUDED MRS. KREPS' VISIT ALMOST CONTINUOUSLY IN ITS HOURLY NEWS BROADCASTS FROM BEFORE HER ARRIVAL UNTIL AFTER DEPARTURE, AND RECORDED BOTH THE CHAMBER OF COMMERCE SPEECH AND THE PRESS CONFERENCE FOR ICA. GOLDEN BOOK CEREMONY AND SCULPTURE UNVEILING RECEIVED RIAS FEATURE TREATMENT. ANOTHER HIGHLIGHT OF RIAS COVERAGE WAS 10-MINUTE INTERVIEW CARRIED TWICE, DURING WHICH MRS. KREPS VIGOROUSLY ADVOCATED THE PRESIDENT'S ANTI-INFLATION POLICIES, ENERGY PROGRAM AND EXPORT STIMULATION, PARTICULARLY EMPHASIZING DOLLAR-SUPPORT ASPECT OF THESE MEASURES. AFN (ARMED FORCES NETWORK) ALSO RAN EXTENSIVE COVERAGE, INCLUDING ITS OWN TV INTERVIEW MADE AFTER PRESS CONFERENCE.

6. SENAT OFFICIALS IN PRIVATE CONVERSATIONS CONCERNING VISIT WERE ESPECIALLY COMPLIMENTARY ON THE FINE IMPRESSION SECRETARY KREPS MADE PERSONALLY. THEY EMPHASIZED HER WARMTH AND CHARM, AN APPRECIATION WHICH WAS PICKED UP IN NUMEROUS PRESS REPORTS DURING COURSE OF VISIT. THE AMERICAN BUSINESS COMMUNITY WAS MOST APPRECIATIVE OF SECRETARY KREPS' VISIT, WHICH IN THEIR JUDGEMENT MADE THE 75TH ANNIVERSARY CELEBRATION OF THE FOUNDING OF THE AMERICAN CHAMBER OF COMMERCE IN GERMANY A NOTABLE SUCCESS WITH THE PUBLIC CLIMAX OF THE IS BEING THE SECRETARY'S "UNVEILING" OF A LARGE MOBILE SCULPTURE BY AMERICAN ARTIST GEORGE BAKER, DONATED THROUGH THE CHAMBER TO THE CITY OF BERLIN, LIMITED OFFICIAL USE

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AND LOCATED IN THE OPERA HOUSE LOBBY. FROM THE VIEW-POINT OF UNITED STATES INTERESTS, THE VISIT WAS WELL TIMED, AND WIDELY UNDERSTOOD TO BE AN EXPRESSION OF HIGHEST LEVEL UNITED STATES SUPPORT FOR THE CITY. NOTE: THIS CABLE NOT CLEARED BY SECRETARY'S PARTY.) GEORGE

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